

ANNUAL FINANCIAL REPORT
ORLEANS PARISH JUVENILE COURT
NEW ORLEANS, LOUISIANA
FOR THE YEAR ENDED
DECEMBER 31, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-13-05

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INDEPENDENT AUDITORS' REPORT

Orleans Parish Juvenile Court
421 Loyola Avenue
New Orleans, LA 70112

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Orleans Parish Juvenile Court (the Court) as of and for the year ended December 31, 2004, which collectively comprise the Court's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Court's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide* and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Orleans Parish Juvenile Court as of December 31, 2004, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, the Court has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, for the year ended December 31, 2004.

In accordance with Government Auditing Standards, we have also issued our report dated May 19, 2005, on our consideration of the Orleans Parish Juvenile Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

ERICKSEN KRENTTEL & LAPORTELLA

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Orleans Parish Juvenile Court

May 19, 2005

Page 2

The management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 25, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Court's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Court. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

May 19, 2005


Certified Public Accountants

REQUIRED SUPPLEMENTARY INFORMATION

ORLEANS PARISH JUVENILE COURT
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2004

As financial management of Orleans Parish Juvenile Court (The "Court"), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Court for the fiscal year ending December 31, 2004. This discussion and analysis is designed to assist the reader on focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements taken as a whole.

FINANCIAL HIGHLIGHTS

The assets of the Court exceeded its liabilities by \$781,892 at December 31, 2004. Of this amount \$48,995 is in capital assets. The remaining \$732,897 in net assets is unrestricted. The total net assets of the Court decreased by \$66,503 or 8%.

The Court's total revenue was \$3,763,911 in 2004 compared to \$3,676,981 in 2003, which is an increase of \$86,930 or 2%.

Total expenses for the Court during the year ended December 31, 2004 were \$3,830,414 including depreciation expense and on-behalf payments made by the City of New Orleans.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis introduces the Court's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Court also includes in this report required additional supplemental information. The year ended December 31, 2004 is the first year that GASB Statement No. 34 was implemented by the Court. Due to initial year implementation, comparative data for the prior year is only available on a limited basis. However, all applicable tables will present comparative data in fiscal year 2005.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Court's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Court's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the Statement of Net Assets. This is the government-wide statement of position presenting information that includes all of the Court's assets and liabilities, with the difference reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Court as a whole is improving or deteriorating.

ORLEANS PARISH JUVENILE COURT
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2004

The second government-wide statement is the Statement of Activities, which reports how the Court's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

The government-wide financial statements are presented on pages 8 & 9 of this report.

FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Court uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Court's most significant funds rather than the Court as a whole.

The Court uses governmental funds and fiduciary funds as follows:

Governmental funds are reported in the fund financial statements and encompass the same function reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Court's governmental funds, including object classifications. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 10 – 13 of this report.

Fiduciary funds are reported in a separate Statement of Fiduciary Net Assets. Activities from fiduciary funds are not included in the government-wide financial statements because the Court cannot use these assets for its operations. The Court is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The basic fiduciary fund financial statement is presented on page 14 of this report.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 15 of this report.

ORLEANS PARISH JUVENILE COURT
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2004

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Court's budgetary comparison schedules for the general fund and special revenue funds. Required supplemental information can be found on page 25 of this report.

FINANCIAL ANALYSIS

Net assets may serve, over time, as a useful indicator of a government's financial position. In the case of the Court, assets exceeded liabilities by \$781,892. The following table provides a summary of the Court's net assets:

SUMMARY OF NET ASSETS

| | |
|------------------------------|-------------------|
| Current and other assets | \$ 1,254,522 |
| Capital assets | <u>48,995</u> |
| Total assets | <u>1,303,517</u> |
| Current liabilities | <u>521,625</u> |
| Total liabilities | <u>521,625</u> |
| Net assets: | |
| Investment in capital assets | 48,995 |
| Unrestricted | <u>732,897</u> |
| Total net assets | <u>\$ 781,892</u> |

The Total Net Assets of the funds maintained by the Court's governmental activities decreased by \$66,503 or 8%.

ORLEANS PARISH JUVENILE COURT
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2004

CHANGE IN NET ASSETS

| | |
|--------------------------------------|-------------------|
| Revenues: | |
| Program: | |
| Fees, fines and charges for services | \$ 482,376 |
| Operating grants and contributions | 1,423,810 |
| General: | |
| On behalf payments | 1,852,986 |
| Other | <u>4,739</u> |
| Total revenues | <u>3,763,911</u> |
| Expenses: | |
| Program: | |
| Juvenile court | <u>3,830,414</u> |
| Change in net assets | (66,503) |
| Net assets, beginning of year | <u>848,395</u> |
| Net assets, end of year | <u>\$ 781,892</u> |

For the funds maintained by the Court, total revenues increased by \$86,930 or 2% from total revenues in 2003 of \$3,676,981 to total revenues of \$3,763,911 in 2004.

BUDGETARY HIGHLIGHTS

The original budget adopted by the Court was not amended during the fiscal year. The Court does not budget on behalf payments and related revenues for the salaries and related benefits of the Court's administrative and support staff which are paid directly by the City of New Orleans. The unfavorable variance in Court revenues was mainly attributable to grant revenues which were limited by actual grant expenditures. The budget was not amended to reflect the reduction in grant expenditures and therefore an equal reduction in grant revenues.

CAPITAL ASSETS

The Court's investment in capital assets amounts to \$48,995, net of accumulated depreciation, as of December 31, 2004. Capital assets include equipment, and furniture. The Court did not have any capital asset purchases during 2004.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

No events have occurred which will have any significant effect on the Court's 2005 budget.

ORLEANS PARISH JUVENILE COURT
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2004

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Court's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Monica Doss Washington, Judicial Administrator, Orleans Parish Juvenile Court, 421 Loyola Avenue, New Orleans, Louisiana 70112.

BASIC FINANCIAL STATEMENTS

Exhibit "A"

**ORLEANS PARISH JUVENILE COURT
STATEMENT OF NET ASSETS
DECEMBER 31, 2004**

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| <u>ASSETS:</u> | |
| Cash and cash equivalents | \$ 1,141,595 |
| Grants receivable | 78,636 |
| Other receivables | 30,501 |
| Interfund receivables | 3,790 |
| Capital assets, net of accumulated depreciation | <u>48,995</u> |
| Total assets | <u>1,303,517</u> |
| <u>LIABILITIES:</u> | |
| Accounts payable | 58,942 |
| Payroll taxes payable | 1,111 |
| Deferred revenue | 106,446 |
| Interfund payables | <u>355,126</u> |
| Total liabilities | <u>521,625</u> |
| <u>NET ASSETS:</u> | |
| Invested in capital assets | 48,995 |
| Unrestricted | <u>732,897</u> |
| Total net assets | <u><u>\$ 781,892</u></u> |

The accompanying notes are an integral part of this statement

ORLEANS PARISH JUVENILE COURT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004

| Function/Programs | Expenses | Program Revenues | | Net (Expense) Revenue and Changes in Net Assets |
|-------------------------------------|---------------------|--|--|--|
| | | Fines, Fees and Charges for Services | Operating Grants and Contributions | |
| <u>Governmental activities:</u> | | | | |
| Juvenile court | \$ 3,830,414 | \$ 482,376 | \$ 1,423,810 | \$ (1,924,228) |
| Total governmental activities | <u>\$ 3,830,414</u> | <u>\$ 482,376</u> | <u>\$ 1,423,810</u> | (1,924,228) |
| General revenues: | | | | |
| On behalf payments | | | | 1,852,986 |
| Interest income | | | | 3,794 |
| Other | | | | <u>945</u> |
| Total general revenues | | | | <u>1,857,725</u> |
| Change in net assets | | | | <u>(66,503)</u> |
| Net assets - beginning, as restated | | | | <u>848,395</u> |
| Net assets - ending | | | | <u>\$ 781,892</u> |

The accompanying notes are an integral part of this statement

**ORLEANS PARISH JUVENILE COURT
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2004**

ASSETS

| | <u>General Fund</u> | <u>Non-major Governmental</u> | <u>Total Governmental</u> |
|---------------------------|-------------------------|-----------------------------------|-------------------------------|
| Cash and cash equivalents | \$ 1,105,554 | \$ 36,041 | \$ 1,141,595 |
| Grants receivable | 78,636 | - | 78,636 |
| Other receivables | 30,501 | - | 30,501 |
| Interfund receivables | 52,912 | 221,124 | 274,036 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u>\$ 1,267,603</u> | <u>\$ 257,165</u> | <u>\$ 1,524,768</u> |

LIABILITIES AND FUND BALANCES

LIABILITIES:

| | | | |
|-----------------------|-------------------|-------------------|-------------------|
| Accounts payable | \$ 58,942 | - | \$ 58,942 |
| Payroll taxes payable | 1,111 | - | 1,111 |
| Deferred revenue | 106,446 | - | 106,446 |
| Interfund payables | 575,972 | 49,400 | 625,372 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities | <u>742,471</u> | <u>49,400</u> | <u>791,871</u> |

FUND BALANCES:

| | | | |
|-------------------------------------|---------------------|-------------------|---------------------|
| Unreserved | <u>525,132</u> | <u>207,765</u> | <u>732,897</u> |
| | <u> </u> | <u> </u> | <u> </u> |
| Total fund balances | <u>525,132</u> | <u>207,765</u> | <u>732,897</u> |
| | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities and fund balances | <u>\$ 1,267,603</u> | <u>\$ 257,165</u> | <u>\$ 1,524,768</u> |

The accompanying notes are an integral part of this statement

Exhibit "D"

**ORLEANS PARISH JUVENILE COURT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2004**

| | |
|---|-------------------|
| Fund balances - total governmental funds | \$ 732,897 |
| Amounts reported for governmental activities in the Statement of Net Assets are different because: | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. | <u>48,995</u> |
| Net assets of governmental activities | <u>\$ 781,892</u> |

The accompanying notes are an integral part of this statement

Exhibit "E"

ORLEANS PARISH JUVENILE COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

| | <u>General Fund</u> | <u>Non-major Governmental</u> | <u>Total Governmental</u> |
|--|-------------------------|-----------------------------------|-------------------------------|
| <u>REVENUES:</u> | | | |
| On behalf payments | \$ 1,852,986 | \$ - | \$ 1,852,986 |
| Fines and fees | 84,986 | 216,546 | 301,532 |
| Court costs | 180,844 | - | 180,844 |
| Contractual services | 271,573 | - | 271,573 |
| Grants | 1,152,237 | - | 1,152,237 |
| Interest income | 3,794 | - | 3,794 |
| Other | 945 | - | 945 |
| | <hr/> | <hr/> | <hr/> |
| Total revenues | 3,547,365 | 216,546 | 3,763,911 |
| | <hr/> | <hr/> | <hr/> |
| <u>EXPENDITURES:</u> | | | |
| Personnel costs through on behalf payments | 1,852,986 | - | 1,852,986 |
| Personal services | 1,293,502 | - | 1,293,502 |
| Contractual services | 469,360 | - | 469,360 |
| Supplies | 105,627 | - | 105,627 |
| Administrative costs | 5,635 | 144 | 5,779 |
| Machinery and equipment | 26,139 | - | 26,139 |
| Other | 4,898 | - | 4,898 |
| | <hr/> | <hr/> | <hr/> |
| Total expenditures | 3,758,147 | 144 | 3,758,291 |
| | <hr/> | <hr/> | <hr/> |
| Excess (deficiency) of revenues over (under) expenditures | (210,782) | 216,402 | 5,620 |
| | <hr/> | <hr/> | <hr/> |
| <u>OTHER FINANCING SOURCES (USES):</u> | | | |
| Transfers in | 205,903 | - | 205,903 |
| Transfers out | - | (205,903) | (205,903) |
| | <hr/> | <hr/> | <hr/> |
| Total other financing sources (uses) | 205,903 | (205,903) | - |
| | <hr/> | <hr/> | <hr/> |
| Net change in fund balances | (4,879) | 10,499 | 5,620 |
| | <hr/> | <hr/> | <hr/> |
| FUND BALANCES, BEGINNING, AS RESTATED | 530,011 | 197,266 | 727,277 |
| | <hr/> | <hr/> | <hr/> |
| FUND BALANCES, ENDING | <u>\$ 525,132</u> | <u>\$ 207,765</u> | <u>\$ 732,897</u> |

The accompanying notes are an integral part of this statement

ORLEANS PARISH JUVENILE COURT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004

| | | |
|--|----|-------|
| Net change in fund balances - total governmental funds | \$ | 5,620 |
|--|----|-------|

Amounts reported for governmental activities in the Statement of Activities are different because:

| | | |
|---|--|----------|
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period. | | (72,123) |
|---|--|----------|

| | | |
|---|----|----------|
| Change in net assets of governmental activities | \$ | (66,503) |
|---|----|----------|

Exhibit "G"

**ORLEANS PARISH JUVENILE COURT
STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2004**

| | <u>Agency Funds</u> |
|----------------------------|---------------------|
| <u>ASSETS:</u> | |
| Cash and cash equivalents | \$ 46,296 |
| Interfund receivables | 355,126 |
| | <hr/> |
| Total assets | 401,422 |
| | <hr/> |
| <u>LIABILITIES:</u> | |
| Fine collections payable | 22,329 |
| Interfund payables | 3,790 |
| Bonds outstanding | 266,832 |
| Unprocessed payments | 108,471 |
| | <hr/> |
| Total liabilities | 401,422 |
| | <hr/> |
| <u>NET ASSETS</u> | \$ - |
| | <hr/> |

The accompanying notes are an integral part of this statement

ORLEANS PARISH JUVENILE COURT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Louisiana Constitution of 1921 provided the foundation for the Orleans Parish Juvenile Court (the Court) as it exists today. Six elected judges serve as the governing body of the Court. The Court has exclusive juvenile jurisdiction in Orleans Parish including, but not limited to all juvenile violations, abuse and neglect, delinquency, traffic, non-support issues, and all other administrative and judicial matters involving juveniles in Orleans Parish, Louisiana.

Basis of Presentation

The Office's financial statements are prepared in conformity with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the Court are discussed below.

The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999.

Reporting Entity

The financial statements include all organizations, activities, and functions that comprise the Court. Component units are legally separate entities for which the Court (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the Court's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the Court. Using these criteria, the Court has no component units.

Basic Financial Statements - Government-Wide Financial Statements (GWFS)

The Court's basic financial statements include both government-wide (reporting the Court as a whole) and fund financial statements (reporting the Court's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Court's judicial activities and related general administrative services are classified as governmental activities. The Court does not have any business-type activities.

ORLEANS PARISH JUVENILE COURT
NOTES FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements - Government-Wide Financial Statements (GWFS) (continued)

In the government-wide Statement of Net Assets (Exhibit A), the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables. The Court's net assets are reported in two parts – invested capital assets and unrestricted net assets.

The government-wide Statement of Activities (Exhibit B) reports both gross and net cost of each of the Court's functions (Juvenile Court). The functions are also supported by general government revenues (personnel costs paid directly by The City of New Orleans, interest income, etc.). The Statement of Activities reduces gross expenses by related program revenues and operating grants. Program revenues must be directly associated with the function.

This government-wide focus is more on the sustainability of the Court and the change in the Court's net assets resulting from current year's activities.

Separate financial statements are provided for fiduciary funds, however they are excluded from the government-wide financial statements.

Basic Financial Statements – Fund Financial Statements (FFS)

The financial transactions of the Court are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Court:

Governmental Funds:

Governmental funds account for all or most of the Court's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the Court. The following is a description of the governmental funds of the Court:

ORLEANS PARISH JUVENILE COURT
NOTES FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements - Fund Financial Statements (FFS) (continued)

General Fund

The General Fund is the primary operating fund of the Court and it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to Court policy.

Special Revenue Funds

Special Revenue Funds are used to account for specific revenue sources that are legally restricted to expenditures for specified purposes.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets.

The agency funds account for assets held by the Court as an agent. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

The governmental activities in the government-wide financial statements and the fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Revenues of the Court consist principally of fines and fees for services relating to court filings, grant revenues and interest income. Fines and fees for services are recorded when received in cash because they are generally not measurable until actually received. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Interest income is recorded when earned.

ORLEANS PARISH JUVENILE COURT
NOTES FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (continued)

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Expenditures

The Court has only direct expenses relating to each program or activity and therefore no allocation of indirect expenses is deemed necessary.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (and any other financing source/use) are accounted for as other financing sources (uses).

Deferred Revenues

Deferred revenues arise when resources are received by the Court before it has a legal claim to them, as when grant monies are received before the incurrence of qualifying expenditures. In subsequent periods, when the Court has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

Budgets

The Court is required by state law to adopt annual budgets for the General Fund and the Special Revenue Funds. Each budget is presented on the modified accrual basis of accounting that is consistent with generally accepted accounting principles. No amendments were made to the Court's budget for the year ended December 31, 2004.

Budgetary practices followed by the Court include public notice of the proposed budget, public inspection of the proposed budget, and public hearings on the budget.

ORLEANS PARISH JUVENILE COURT
NOTES FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets (continued)

As further described in Note 9, salary and fringe benefit payments made by the City of New Orleans on behalf of the Court are included, as revenues and personnel costs, in the accompanying financial statements for the General Fund. These on behalf payments are budgeted for, and controlled by the City of New Orleans. Therefore, the Court does not budget these amounts and any budget variances resulting from on behalf payments do not constitute violations of Louisiana statutes.

During the year ended December 31, 2004 grant revenues were less than the amounts originally budgeted. These grants are on reimbursement basis and revenues are directly dependent on actual grant expenditures incurred. Therefore, the Court does not amend its budget for variances in these grant revenues because reduced revenues equate directly to a reduction in expenditures. This variance does not constitute a violation of Louisiana statutes.

Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Court may deposit funds in demand deposits, interest-bearing demand deposits, and time deposits with state banks organized under the laws of the State of Louisiana, the laws of any other state of the United States, or under the laws of the United States.

Under state laws, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of such pledged securities and federal deposit insurance must equal or exceed the amount on deposit with the fiscal agent.

Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets.

ORLEANS PARISH JUVENILE COURT
NOTES FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Court maintains a threshold level of \$2,500 or more for capitalizing capital assets. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Capital assets are recorded in the Statement of Net Assets and depreciation is recorded in the Statement of Activities. Since surplus assets are sold for an immaterial amount or scrapped when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method over the following useful lives:

| <u>Description</u> | <u>Estimated Lives</u> |
|--|----------------------------|
| Computer equipment, including software | 5 years |
| Equipment | 5 years |
| Furniture and fixtures | 5 years |
| Vehicles | 5 years |

In the fund financial statements, fixed assets are accounted for as capital outlay expenditures of the fund upon acquisition. Capital assets reported herein include only those assets purchased by the Judicial Expense Fund and do not reflect assets of the Court obtained from other sources.

Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transactions are reported as transfers.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America that requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

ORLEANS PARISH JUVENILE COURT
NOTES FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004

(2) CHANGES IN ACCOUNTING PRINCIPLES

For the year ended December 31, 2004, the Court has implemented GASB Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*. GASB Statement No. 34 creates new basic financial statements for reporting on the Court's financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which has been the mode of presentation in previously issued financial statements.

The Court also implemented GASB Statement No. 37, *Basic Financial Statements – And Management's Discussion and Analysis – For State and Local Governments: Omnibus*, Statement No. 38 *Certain Financial Statement Note Disclosures*, and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

The implementation of GASB Statement No. 34 caused the opening fund balance at December 31, 2003 to be restated in terms of "net assets" as follows:

| | | |
|---|----------------|----------------|
| Total fund balances | | |
| – Governmental Funds at December 31, 2003, as restated | \$ | 727,277 |
| Add: Cost of fixed assets at December 31, 2003 | 1,081,066 | |
| Less: Accumulated depreciation at December 31, 2003 | <u>959,948</u> | |
| | | <u>121,118</u> |
| Net assets – Governmental Activities at December 31, 2003 | \$ | <u>848,395</u> |

(3) CASH AND CASH EQUIVALENTS

At December 31, 2004, the Court's cash and cash equivalents (book balances) were comprised of the following:

| | | |
|----------------------------------|----|------------------|
| Demand deposits | \$ | 584,877 |
| Interest-bearing demand deposits | | 602,864 |
| Cash on hand | | <u>150</u> |
| Total | \$ | <u>1,187,891</u> |

Reconciliation to Government-Wide Statement of Net Assets:

| | | |
|---|----|------------------|
| Per Government-Wide Statement of Net Assets | \$ | 1,141,595 |
| Fiduciary Funds (not included in Government-Wide Financial Statements): | | |
| Agency Funds | | <u>46,296</u> |
| Total | \$ | <u>1,187,891</u> |

ORLEANS PARISH JUVENILE COURT
NOTES FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004

(3) CASH AND CASH EQUIVALENTS (CONTINUED)

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the Court in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2004, the carrying amount of the Court's deposits was \$1,187,741 and the bank balance was \$1,219,087. Of the bank balances \$296,031 was covered by federal depository insurance and \$923,056 was covered by pledged securities held by the custodial bank in the name of the Court (GASB Category 2).

(4) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables at December 31, 2004 are as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------------|------------------------------|-------------------|
| General Fund | Non-major Governmental Funds | \$ 49,122 |
| | Agency Funds | 3,790 |
| Non-major Governmental Funds | General Fund | 220,846 |
| Agency Funds | General Fund | 355,126 |
| Non-major Governmental Funds | Non-major Governmental Funds | 278 |
| | | <u>\$ 629,162</u> |

A summary of interfund transfers at December 31, 2004 is as follows:

| | <u>Transfers In:</u> | | |
|------------------------------|----------------------|------------------------------------|--------------|
| | <u>General Fund</u> | <u>Nonmajor Governmental Funds</u> | <u>Total</u> |
| Transfers Out: | | | |
| Non-major Governmental Funds | \$ 205,903 | \$ - | \$ 205,903 |

(5) CAPITAL ASSETS

Capital asset activity for the fiscal year ended December 31, 2004 was as follows:

| | <u>Balance December 31, 2003</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance December 31, 2004</u> |
|-------------------------------|--|------------------|------------------|--|
| Furniture and fixtures | \$ 159,951 | \$ - | \$ 150,397 | \$ 9,554 |
| Equipment | 127,923 | - | 106,279 | 21,644 |
| Computer equipment | 780,538 | - | 224,199 | 556,339 |
| Vehicles | 12,654 | - | 12,654 | - |
| Total capital assets | 1,081,066 | - | 493,529 | 587,537 |
| Less accumulated depreciation | 959,948 | 72,123 | 493,529 | 538,542 |
| Total capital assets, net | \$ 121,118 | \$ (72,123) | \$ - | \$ 48,995 |

ORLEANS PARISH JUVENILE COURT
NOTES FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004

(5) CAPITAL ASSETS (CONTINUED)

Capital asset disposals for the year ended December 31, 2004 consisted of the following:

| | <u>Cost</u> | <u>Accumulated Depreciation</u> | <u>Gain/(loss)</u> |
|---|-------------|-------------------------------------|--------------------|
| Removal of previously capitalized assets due to an increase in the Court's capitalization threshold from \$500 to \$2,500 and obsolescence. | \$ 493,529 | \$ 493,529 | \$ - |

(6) DEFERRED REVENUE

Deferred revenue consists of funds received from granting agencies for which all eligibility requirements of the grants have not been met. Deferred revenue at December 31, 2004 includes the following amounts advanced by grantors:

| | |
|---|-------------------|
| Louisiana Supreme Court Drug Court Office | \$ 16,875 |
| Baptist Community Ministries | <u>89,571</u> |
| | <u>\$ 106,446</u> |

(7) OPERATING LEASES

The Court has cancelable and noncancelable operating leases for the rental of copy machines and the rental of office space. The total amount charged to contractual services as a result of all operating leases was \$35,258 for the year ended December 31, 2004.

Future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2004, are as follows:

| | |
|------|-----------|
| 2005 | \$ 20,869 |
| 2006 | 20,869 |
| 2007 | 10,434 |

(8) BONDS OUTSTANDING

Bonds outstanding represent monies paid by defendants for their release from court custody. The amount of each bond will be reimbursed to the defendant upon his/her appearance for trial and/or will be forfeited towards arrearages due for fines, fees, or non-support.

ORLEANS PARISH JUVENILE COURT
NOTES FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004

(9) EXPENSES OF THE COURT PAID BY OTHERS

The accompanying financial statements do not include certain portions of the Court's expenses paid directly by other governmental entities. Expenses for the Court paid by the City of New Orleans include court room space, office space, utilities, insurance, and certain capital improvements. The Louisiana Supreme Court provides for the services of the Judges on the Court.

Major portions of the salaries and related benefits of the Court's administrative and support staff are also paid by the City. Salary and fringe benefit payments, in the amount of \$1,852,986, made by the City of New Orleans on behalf of the Court are included in the accompanying financial statements for the General Fund as revenues and personnel costs. The fringe benefit payments, noted above, made by the City of New Orleans on behalf of the Court include contributions of \$105,238 to the Employees' Retirement System of the City of New Orleans.

(10) ECONOMIC DEPENDENCY

The Court is economically dependent on the City of New Orleans for the payment of the expenses described in Note 9. Should the City of New Orleans be unable to pay the expenses in 2004, the operations of the Court would be adversely effected.

(11) RISK MANAGEMENT

The Court is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The City of New Orleans provides commercial insurance for the court in amounts sufficient to insure the Court against claims resulting from any of those risks.

(12) PRIOR PERIOD ADJUSTMENT

In addition to the restatement of beginning fund balances due to the implementation of GASB 34 described in Note 2, during the years ended December 31, 2004 the Court discovered an error in previously reported grant revenues. In the years ended December 31, 2002 and 2003, the Court received \$45,165 as part of a grant from Baptist Community Ministries. However, the related expenditures under the grant were not made during the years ended December 31, 2002 and 2003. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," identifies such a transaction as a government-mandated nonexchange transaction. GASB Statement No. 33 further requires that such transaction be recognized as revenue when all eligibility requirements of the grants have been met. Because expenditure is the primary factor for determining the Court's eligibility to receive grant resources, the revenue should not be recognized until the resources were expended in accordance with the terms of the grant. In the General Fund, the fund balance for the fiscal year ended December 31, 2003 has been restated by \$45,165, in order to reflect the correction of this error. Excess of revenues over expenditures and other financing sources (uses) for the year ended December 31, 2003 would have been reduced by \$23,907.

**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

ORLEANS PARISH JUVENILE COURT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

| | General Fund | | | Special Revenue Funds | | |
|--|-------------------|---------------------|---|-----------------------|---------------------|---|
| | Actual Amounts | Budgeted Amounts | Variance With Budget Over (Under) | Actual Amounts | Budgeted Amounts | Variance With Budget Over (Under) |
| REVENUES: | | | | | | |
| On behalf payments | \$ 1,852,986 | \$ - | \$ 1,852,986 | \$ - | \$ - | \$ - |
| Fines and fees | 84,986 | 97,000 | (12,014) | 216,546 | 162,800 | 53,746 |
| Court costs | 180,844 | 190,000 | (9,156) | - | - | - |
| Contractual services | 271,573 | 281,600 | (10,027) | - | - | - |
| Grants | 1,152,237 | 1,368,937 | (216,700) | - | - | - |
| Interest income | 3,794 | - | 3,794 | - | - | - |
| Other | 945 | 2,500 | (1,555) | - | - | - |
| Total revenues | 3,547,365 | 1,940,037 | 1,607,328 | 216,546 | 162,800 | 53,746 |
| EXPENDITURES: | | | | | | |
| Personnel costs through on behalf payments | 1,852,986 | - | 1,852,986 | - | - | - |
| Personal services | 1,293,502 | 1,309,195 | (15,693) | - | - | - |
| Contractual services | 469,360 | 681,910 | (212,550) | - | - | - |
| Supplies | 105,627 | 89,597 | 16,030 | - | - | - |
| Administrative costs | 5,635 | - | 5,635 | 144 | - | 144 |
| Machinery and equipment | 26,139 | 17,335 | 8,804 | - | - | - |
| Other | 4,898 | 4,800 | 98 | - | - | - |
| Total expenditures | 3,758,147 | 2,102,837 | 1,655,310 | 144 | - | 144 |
| Excess (deficiency) of revenues over (under) expenditures | (210,782) | (162,800) | (47,982) | 216,402 | 162,800 | 53,602 |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers in | 205,903 | 162,800 | 43,103 | - | - | - |
| Transfers out | - | - | - | (205,903) | (162,800) | (43,103) |
| Total other financing sources (uses) | 205,903 | 162,800 | 43,103 | (205,903) | (162,800) | (43,103) |
| Net change in fund balances | (4,879) | - | (4,879) | 10,499 | - | 10,499 |
| FUND BALANCE, BEGINNING, AS RESTATED | 530,011 | 530,011 | - | 197,266 | 197,266 | - |
| FUND BALANCE, ENDING | \$ 525,132 | \$ 530,011 | \$ (4,879) | \$ 207,765 | \$ 197,266 | \$ 10,499 |

(See Auditors' Report)

OTHER SUPPLEMENTARY INFORMATION

Schedule "B-1"

ORLEANS PARISH JUVENILE COURT
COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS
DECEMBER 31, 2004

ASSETS

| | Case Processing Fund | Bond Escrow Fund | Special Probation Fund | Traffic Fund | Total |
|---------------------------|----------------------------|------------------------|------------------------------|------------------|-------------------|
| Cash and cash equivalents | \$ 6,987 | \$ 935 | \$ 15,276 | \$ 12,843 | \$ 36,041 |
| Interfund receivables | 84,167 | 38,286 | 49,689 | 48,982 | 221,124 |
| Total assets | <u>\$ 91,154</u> | <u>\$ 39,221</u> | <u>\$ 64,965</u> | <u>\$ 61,825</u> | <u>\$ 257,165</u> |

LIABILITIES AND FUND BALANCES**LIABILITIES:**

| | | | | | |
|--------------------|------------|----------|------------|---------------|---------------|
| Interfund payables | \$ 278 | \$ - | \$ 140 | \$ 48,982 | \$ 49,400 |
| Total liabilities | <u>278</u> | <u>-</u> | <u>140</u> | <u>48,982</u> | <u>49,400</u> |

FUND BALANCES:

| | | | | | |
|-------------------------------------|------------------|------------------|------------------|------------------|-------------------|
| Unreserved | 90,876 | 39,221 | 64,825 | 12,843 | 207,765 |
| Total liabilities and fund balances | <u>\$ 91,154</u> | <u>\$ 39,221</u> | <u>\$ 64,965</u> | <u>\$ 61,825</u> | <u>\$ 257,165</u> |

(See Auditors' Report)

ORLEANS PARISH JUVENILE COURT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - SPECIAL REVENUE FUNDS
DECEMBER 31, 2004

| | <u>Case Processing Fund</u> | <u>Bond Escrow Fund</u> | <u>Special Probation Fund</u> | <u>Traffic Fund</u> | <u>Total</u> |
|--|-------------------------------------|---------------------------------|---------------------------------------|-------------------------|-------------------|
| <u>REVENUES:</u> | | | | | |
| Fines and fees | \$ 52,065 | \$ 1,485 | \$ 103,863 | \$ 59,133 | \$ 216,546 |
| Total revenues | <u>52,065</u> | <u>1,485</u> | <u>103,863</u> | <u>59,133</u> | <u>216,546</u> |
| <u>EXPENDITURES:</u> | | | | | |
| Administrative costs | <u>48</u> | <u>24</u> | <u>48</u> | <u>24</u> | <u>144</u> |
| Total expenditures | <u>48</u> | <u>24</u> | <u>48</u> | <u>24</u> | <u>144</u> |
| Excess of revenues over expenditures | 52,017 | 1,461 | 103,815 | 59,109 | 216,402 |
| <u>OTHER FINANCING (USES):</u> | | | | | |
| Transfers out | <u>(53,308)</u> | <u>(526)</u> | <u>(105,803)</u> | <u>(46,266)</u> | <u>(205,903)</u> |
| Total other financing (uses) | <u>(53,308)</u> | <u>(526)</u> | <u>(105,803)</u> | <u>(46,266)</u> | <u>(205,903)</u> |
| Excess of revenues over expenditures and other financing (uses) | (1,291) | 935 | (1,988) | 12,843 | 10,499 |
| FUND BALANCE, BEGINNING | <u>92,167</u> | <u>38,286</u> | <u>66,813</u> | <u>-</u> | <u>197,266</u> |
| FUND BALANCE, ENDING | <u>\$ 90,876</u> | <u>\$ 39,221</u> | <u>\$ 64,825</u> | <u>\$ 12,843</u> | <u>\$ 207,765</u> |

(See Auditors' Report)

ORLEANS PARISH JUVENILE COURT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS - AGENCY FUNDS
DECEMBER 31, 2004

| | Non-Support Fund | Restitution Fund | Orleans Indigent Defender Program Fund | Bond Fund | Total Agency |
|----------------------------|---------------------|---------------------|---|--------------------|--------------------|
| <u>ASSETS:</u> | | | | | |
| Cash and cash equivalents | \$ 6,468 | \$ 3,418 | \$ 4,599 | \$ 31,811 | \$ 46,296 |
| Interfund receivables | 113,215 | 5,962 | 928 | 235,021 | 355,126 |
| Total assets | 119,683 | 9,380 | 5,527 | 266,832 | 401,422 |
| <u>LIABILITIES:</u> | | | | | |
| Fine collections payable | 11,212 | 9,380 | 1,737 | - | 22,329 |
| Interfund payables | - | - | 3,790 | - | 3,790 |
| Bonds outstanding | - | - | - | 266,832 | 266,832 |
| Unprocessed payments | 108,471 | - | - | - | 108,471 |
| Total liabilities | 119,683 | 9,380 | 5,527 | 266,832 | 401,422 |
| <u>NET ASSETS</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

(See Auditors' Report)

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Orleans Parish Juvenile Court
421 Loyola Avenue
New Orleans, Louisiana 70112

We have audited the financial statements of the governmental activities, each major fund and aggregate remaining fund information of the Orleans Parish Juvenile Court, as of and for the year ended December 31, 2004, which collectively comprise the Orleans Parish Juvenile Court's financial statements and have issued our report thereon dated May 19, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Orleans Parish Juvenile Court's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Orleans Parish Juvenile Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters that we reported to management of Orleans Parish Juvenile Court in a separate letter dated May 19, 2005.

ERICKSEN KRENTEL & LA PORTELLE

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Orleans Parish Juvenile Court

May 19, 2005

This report is intended solely for the information and use of management, the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

May 19, 2005


Certified Public Accountants

ERICKSEN KRENTEL & LA PORTE L.L.P.

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Orleans Parish Juvenile Court
421 Loyola Avenue
New Orleans, Louisiana 70112

Compliance

We have audited the compliance of the Orleans Parish Juvenile Court, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2004. Orleans Parish Juvenile Court's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Orleans Parish Juvenile Court's management. Our responsibility is to express an opinion on the Orleans Parish Juvenile Court's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the *Louisiana Governmental Audit Guide*; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Orleans Parish Juvenile Court's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Orleans Parish Juvenile Court's compliance with those requirements.

In our opinion, the Orleans Parish Juvenile Court complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004.

ERICKSEN KRENTEL & LA PORTELLE

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Orleans Parish Juvenile Court
May 19, 2005

Internal Control Over Compliance

The management of the Orleans Parish Juvenile Court is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Orleans Parish Juvenile Court's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

May 19, 2005


Certified Public Accountants

**ORLEANS PARISH JUVENILE COURT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

| Federal Grantor/Pass-through Grantor/ Program Title | Federal CFDA Number | Pass-through Grantor's Number | Federal Disbursements/ Expenditures |
|--|---------------------------|-------------------------------------|---|
| <u>U.S. Department of Health and Human Services</u> | | | |
| Pass-through program from: | | | |
| Supreme Court of Louisiana | | | |
| Temporary Assistance to Needy Families | | | |
| Drug Court Treatment | 93.558 | | \$ 251,328 * |
| Louisiana State University | | | |
| Temporary Assistance to Needy Families | | | |
| New Orleans Truancy Assessment and Service Center | 93.558 | C162562 | 195,857 * |
| Louisiana Department of Social Services | | | |
| Child Support Enforcement | | | |
| Hearing Officers | 93.563 | | <u>9,515</u> |
| Total U.S. Department of Health and Human Services | | | <u>456,700</u> |
| <u>U.S. Department of Justice</u> | | | |
| Pass-through program from: | | | |
| City of New Orleans | | | |
| Local Law Enforcement Block Grant Program | | | |
| Enhancing Adjudication | 16.592 | 2002-LB-BX-2580/ 2003-LB-BX-2506 | 187,933 |
| Louisiana Commission on Law Enforcement and Administration of Criminal Justice | | | |
| Juvenile Justice and Delinquency Prevention - Allocation to States | | | |
| Report/Resource Center | 16.540 | J00-9-002 | 59,139 |
| Orleans Parish District Attorney's Office | | | |
| Juvenile Accountability Incentive Block Grants | | | |
| Weapons Against Violence | 16.523 | AD2-8-035 | <u>1,093</u> |
| Total U.S. Department of Justice | | | <u>248,165</u> |
| Total | | | <u>\$ 704,865</u> |

* Major Program

Note: The schedule of expenditures of federal awards is a summary of the activity of Orleans Parish Juvenile Court's federal award programs presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

See Auditors' Report

ORLEANS PARISH JUVENILE COURT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2004

I. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of the Orleans Parish Juvenile Court.
2. No reportable conditions relating to the audit of the financial statements are reported in the "Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards".
3. No instances of noncompliance material to the general purpose financial statements of the Orleans Parish Juvenile Court were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the "Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133".
5. The auditors' report on compliance for the major federal award program for Orleans Parish Juvenile Court expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The program tested as a major program was the Temporary Assistance to Needy Families Program (CFDA number 93.558).
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Orleans Parish Juvenile Court was determined to be a low risk auditee.

II. FINDINGS - FINANCIAL STATEMENT AUDIT

NONE

III. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAM AUDIT

NONE

IV. SUMMARY OF PRIOR YEAR'S FINDINGS

NONE

ERICKSEN KRENTEL & LAPORTE L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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*PROFESSIONAL CORPORATION
BENJAMIN J. ERICKSEN - RETIRED
J.V. LEGLERE KRENTEL - RETIRED

MANAGEMENT LETTER

May 19, 2005

To the Judges of the
Orleans Parish Juvenile Court
421 Loyola Avenue
New Orleans, Louisiana 70112

In planning and performing our audit of the financial statements of the Orleans Parish Juvenile Court for the year ended December 31, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. This letter summarizes our comments regarding those matters. This letter does not affect our report dated May 19, 2005, on the financial statements of the Orleans Parish Juvenile Court.

The following are items were noted:

2004-1 Unclaimed Bonds

Louisiana Revised Statutes allow the Court to appropriate and use, for necessary expenses and operations, all sums of money represented by cash bonds held by the Court that have been unclaimed for more than five years. Before any such unclaimed bonds are appropriated, the Court must publish a notice in the official journal of Orleans Parish seeking information concerning the party at interest. To date the Court has not completed, but has begun the process to appropriate the unclaimed bonds. We suggest that the Court continue its efforts to compile, and regularly update, a listing of unclaimed bonds and use this listing to conduct the procedures necessary to appropriate the outstanding bonds.

The above item is a repeat recommendation from 1998 to 2003. During 2003 and continuing in 2004, the Court began efforts to resolve this matter, however, the unclaimed bonds remain unappropriated.

ERICKSEN KRENTEL & LAPORTELLA

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

To the Judges of the
Orleans Parish Juvenile Court
May 19, 2005
Page 2

2004-2 Interim Financial Reporting

The Court has shown improvement in the accuracy of interim financial reporting in the judiciary expense fund. *The Court should continue this improvement by recording the activity for all funds on a monthly basis. The governmental, special revenue and fiduciary funds maintained by the Finance Department should be recorded monthly into a general ledger system by the accounting department and reported monthly to management.*

The above item is a repeat recommendation from 2002 and 2003.

We will review the status of these comments during our next audit engagement. We have already discussed these comments with various Court personnel, and will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.


Certified Public Accountants



Orleans Parish Juvenile Court
421 Loyola Avenue
New Orleans, Louisiana 70112

CHIEF JUDGE

MARK DOHERTY

TELEPHONE (504) 585-7300

FAX (504) 585-7391

JUDGES

ERNESTINE S. GRAY
LAWRENCE L. LAGARDE, JR.
C. HEARN TAYLOR
DAVID L. BELL
LOUIS F. DOUGLAS

**CORRECTIVE ACTION PLAN RELATIVE TO
MANAGEMENT LETTER ITEMS**

May 19, 2005

Louisiana Legislative Auditor

Orleans Parish Juvenile Court respectfully submits the following corrective action plan for the year ended December 31, 2004.

Name and address of independent public accounting firm:

Ericksen, Krentel & LaPorte, L.L.P.
4227 Canal Street
New Orleans, Louisiana 70119
Contact: Ronald H. Dawson, Jr.

Audit Period: 01/01/04 to 12/31/04

The findings from the December 31, 2004 management letter are discussed below. The findings are numbered consistently with the number assigned in the management letter.

2004-1 Unclaimed Bonds

Recommendation: Orleans Parish Juvenile Court should continue its efforts to compile, and regularly update, a listing of unclaimed bonds and use this listing to conduct the procedures necessary to appropriate outstanding bonds as allowed by Louisiana revised statutes.

Response: The Court has been through exhaustive efforts utilizing numerous man-hours compiling lists and reviewing files in an attempt to identify and give proper notice as required by law to bond payors. The information in most records is insufficient to return the bonds to the proper payors. We have unsuccessfully attempted to notify numerous payors and no one has responded to claim these outstanding vintage bonds. It is not economically feasible for the court to continue along this path. However, we will continue in our efforts to appropriate the outstanding funds in compliance with law.

Louisiana Legislative Auditor
May 19, 2005
Page 2

2004-2 Interim Financial Reporting

Recommendation: The governmental, special revenue and fiduciary funds maintained by the Finance Department should be recorded monthly into the general ledger system by the accounting department.

Response: We concur with this recommendation and to that end we have upgraded/modified our current accounting software to include two new components to facilitate the additional funds. The Court will begin recording all funds separately on an interim basis.

If there are any questions regarding this plan, please call Monica Washington at (504) 565-7375.

Sincerely,


Signature

Chief Judge
Title